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(775) 687-4670

Administration
Facsimile 687-5856

Water Quality Planning
Water Pollution Control
Facsimile 687-4684

Mining Regulations & Reclamation
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State of Nevada
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DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

DIVISION OF ENVIRONMENTAL PROTECTION

333 W. Nye Lane, Room 138
Carson City, Nevada 89706

August 27, 2004

Notice of Proposed Action

The Administrator of the Division of Environmental Protection gives notice that an application for a Water Pollution Control Permit for the Black Rock Canyon Mine and Mill Project, a beneficiation facility utilizing physical separation methods to extract gold, has been properly filed with the Division of Environmental Protection in Carson City. The applicant for Water Pollution Control Permit NEV2004102 is:

Nevada Rae Gold, Inc.
Black Rock Canyon Mine and Mill Project
465 South Meadows Parkway, Suite 20
Reno, Nevada 89521

The facility, known as the Black Rock Canyon Mine and Mill Project, is located in east-central Lander County, Nevada, within portions of Sections 4 and 10, Township 29 North, Range 47 East, and Section 19, Township 29 North, Range 48 East, Mount Diablo Baseline and Meridian, approximately 30 air-miles southeast of the town of Battle Mountain.

The project consists of a physical separation mining and milling operation (Nevada Administrative Code 445A.414) with a maximum annual production rate of 810,000 tons of ore. Gold-bearing gravels will be dry-screened at the mine site in Black Rock Canyon and under-size material will be hauled by truck to the gravity separation mill located approximately four (4) miles to the southeast, adjacent to Nevada State Route 306. The gravity separation mill facility incorporates a feed hopper, grizzly, trommel, sluice, concentrating tables, four (4) earthen settling ponds, and associated tanks, pumps, pipes, sumps and conveyors to process and beneficiate the ore. Process make-up water will be obtained from two wells located on the mill site and will be recycled to process. Chemicals are not approved for use in the beneficiation process. Facilities are required to be designed, constructed, operated and closed without any discharge or

release in excess of those standards established in regulation except for meteorological events which exceed the design storm event. The proposed facility is anticipated to disturb up to 163 acres of public land and up to 60 acres of private fee land.

The Administrator is constrained to issue the Water Pollution Control Permit or to deny the application. The Administrator has made the tentative decision to issue the permit.

Persons wishing to comment upon the proposed Water Pollution Control Permit, to recommend terms and conditions for consideration of incorporation into the permit, or who request a public hearing pursuant to the Nevada Administrative Code, NAC Chapter 445A, must submit their written comments, objections, or requests no later than 5:00 PM on the 30th day following the date of publication of this notice (01 October 2004) to:

Division of Environmental Protection
Bureau of Mining Regulation and Reclamation
Capitol Complex
333 West Nye Lane, Room 138
Carson City, Nevada 89706-0851

All comments or objections received during the public notice period will be considered in the final determination regarding this Water Pollution Control Permit. If the Division determines written comments or requests indicate a significant degree of public interest in this matter, the Administrator shall schedule a public hearing in accordance with the requirements of NAC 445A.405.

The draft Water Pollution Control Permit and all application documents are on file at the Division and are available for public inspection and copying pursuant to NRS 445A.665. For more information, contact Miles Shaw at (775) 687-9409, toll free in Nevada (800) 992-0900, extension 4670, or visit our website at <http://ndep.nv.gov/bmrr/bmrr01.html>